FACTS ON FILE

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WORLD AFFAIRS

Berlin

Johnson Flies to Berlin. U.S. Vice Pres. Lyndon B. Johnson flew to Berlin Aug. 18-19 to deliver Pres. Kennedy's assurance to West Germans and West Berliners that the U.S. guaranteed their continued freedom and would give them full support in the crisis caused by the Communist closing of the borders between East and West Berlin.

Speaking at a special meeting of the West Berlin Parliament Aug. 19, Johnson said: ". . . To the survival and to the creative future of this city we Americans have pledged, in effect, what our ancestors pledged in forming the United States—'our lives, our fortunes and our sacred honor'."

"We must without fear seek peace always but be prepared now and ever more to defend freedom," Johnson said. "This is a time . . . for faith in yourselves . . . [and] in your allies everywhere in the world. This island does not stand alone. You are a vital part of the whole free community of free men. Your lives . . . are linked with those who live in every town of Western Europe, Canada and the United States, and with those on every continent who live in freedom and are prepared to fight for it."

Johnson was accompanied by Gen. Lucius C. Clay, who had been U.S. military commander in Germany during the Berlin blockade, and by Charles E. Bohlen, State Department expert on German and Soviet affairs.

En route to Berlin, the party stopped in Bonn Aug. 19 to confer with Chancellor Konrad Adenauer and to change planes. It was reported that Johnson and Adenauer agreed on the need to forestall war and to arrive at a satisfactory settlement of disputes over Germany and Berlin by negotiation with the USSR.

Johnson told a crowd of welcoming Germans at the Bonn-Cologne airport that he was in Germany as Pres. Kennedy's representative "to express a conviction, to convey a pledge, to sound a warning and to reiterate a policy." Johnson said: "The American President and the American people are determined to fulfill all our obligations and to honor all our commitments"; "we urge the masters of the Soviet Union and East Germany who have manufactured this crisis to remember . . . that a crime against peace will now be a crime against all humanity, and against that particular crime humanity's retribution will be swift and emphatic"; the American people were "not provocative, neither are we frightened; the American people have no genius for retreat, and we do not intend to retreat now."

Johnson and thousands of West Berliners greeted the first of 1,500 U.S. troops who arrived Aug. 20 by road convoy from West Germany to increase the U.S. garrison in West Berlin to 6,500 men. The reinforcements had been ordered to Berlin by Pres. Kennedy Aug. 18. They made the 110-mile autobahn trip through East Germany without incident.

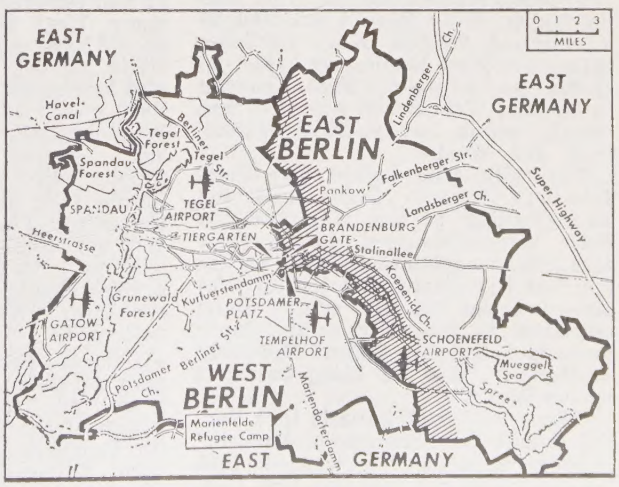
Before leaving Berlin early Aug. 21, Johnson issued a statement saluting "with honor and gratitude the great-hearted people of West Berlin, the city of unconquerable freedom." "I am going home to tell the President and the people of America that the Western powers . . . have never had better or braver allies than we have in the citizens of this city," Johnson said. "I shall tell my fellow Americans that I have seen the fruits of democracy in West Berlin and in Bonn," he declared.

Johnson reported to Pres. Kennedy in Washington Aug. 21. The President said later that Johnson's report "emphasizes the confidence and trust which the people of West Berlin have in this country and its commitments, and it places a heavy responsibility upon all of us to meet that responsibility." "We are going to pass through difficult weeks and months . . . in maintaining the freedom of West Berlin, but maintain it we will," Mr. Kennedy declared. [See pp. 285B1-286D3]

West Blames Moscow. The U.S., Britain and France Aug. 17 sent identical notes to the Kremlin blaming the USSR for the Berlin border closings and demanding that the Soviet government "put an end to these illegal measures." The USSR, in an unprecedentedly quick reply Aug. 18, rejected the Western protest.

The Western notes, delivered by the ambassadors of the 3 protesting countries, charged that the boundary restrictions were "a flagrant, and particularly serious, violation of the quadripartite status of Berlin" as affirmed by the quadripartite agreement of May 4, 1949 and by the 4 powers' foreign ministers June 29, 1949. Each Western power said in its note that it "holds the Soviet government responsible" for the Communist measures taken in Berlin.

The Western notes said: The Western powers had "never accepted that limitations can be imposed on freedom of movement within Berlin"; the boundary between the 2 sectors of Berlin "is not a state frontier"; the Western powers did "not accept the pretension that the Soviet sector of Berlin forms a part of the so-called 'German Democratic Republic' and that Berlin is situated on its territory"; "such a pretension is . . . a violation of the solemly pledged word of the USSR" in the agreement on German occupation zones and Berlin administration; the Western powers "cannot admit the right of the East German authorities to authorize their armed forces to enter the Soviet sector of Berlin"; the border closings were recommended by the Warsaw Pact powers, who "are thus intervening in a domain in which they have no competence."



Shading marks border between East and West Berlin, which Communists closed to East German refugees Aug. 13. Additional restrictions were clamped down by Communists later. (Wide World map)

Week in Headlines

Vice Pres. Johnson flew to Berlin with assurance of U.S. support for West Berlin's freedom; Communists increased curbs on East-West Berlin border.

Punta del Este conference adopted Alliance for Progress Charter.

Record U.S. gross national product rate reported for 2d quarter.

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The Soviet rejection, in parallel notes Aug. 18 to the 3 Western governments, asserted that the tripartite agreements—"concluded for the period of Germany's occupation"—had been invalidated by repeated Western violations and by the creation of the "2 independent states" in Germany.

The USSR notes said: "The Soviet government fully understands and supports the action of the German Democratic Republic" in controlling the Berlin border "to block . . . the subversive activities being conducted from West Berlin" against East Germany "and other countries of the Socialist Commonwealth"; East Germany "merely used the ordinary right of every sovereign state to defend its interests"; state frontier control was an internal question whose "settlement does not need recognition or approval by other governments"; Western attempts "to interfere" in East Germany's "internal affairs" by attacking the border measures "are absolutely groundless and irrelevant"; the Western powers were largely responsible for creating the situation that resulted in the Communist closings of the borders; West Germany, aided and encouraged by the Western powers, had turned West Berlin "into a center of subversive activities, sabotage and espionage, into a center of political and economic provocations" against East Germany and the Soviet bloc; the East German refugees were victims of a Western "army of recruiters," who used "deception, bribery and blackmail" to get them to leave East Germany.

Col. Andrei Solovyev, Soviet commandant in Berlin, sent the 3 Western commandants Aug. 18 similar notes rejecting their Aug. 15 protest against the border measures. He reiterated that the border actions came "fully under the competence" of the East German government and that the Soviet commandant in Berlin "does not interfere in the affairs of the capital of the German Democratic Republic." [See pp. 285E3-286B2]

Brandt Demands 'Action.' West Berlin Mayor Willy Brandt asserted at a rally of 250,000 West Berliners before the West Berlin city hall Aug. 16 that he had written Pres. Kennedy to tell him West Berlin expected "not merely words but political action" from the West.

The rally, held before Vice Pres. Johnson's trip to Berlin and the strengthening of the U.S. garrison there were announced, served as a forum for complaints of West Berliners that the West had failed to take strong action in the crisis. Signs displayed at the rally said: "Paper protests do not stop tanks." "Kennedy to Berlin." "Are we being betrayed by the West?"

"The question at issue is that Berlin should not become a Munich," Brandt declared. He warned that "if . . . we do not pass this test, then the Communists will not stop at the Brandenburg Gate . . . at the zonal border . . . [or] on the Rhine."

Adenauer, making a campaign speech in Bonn Aug. 16, defended the Western powers' behavior. He said the Berlin crisis was only beginning and that the West could be depended on "when an extraordinary crisis comes."

Brandt's letter to Mr. Kennedy was published without authorization by the Frankfurter Allgemeine Zeitung Aug. 19. According to the published text, Brandt had proposed that the West "proclaim a 3-power status of West Berlin," "repeat the guarantee of their presence in Berlin until German reunification, and possibly have this supported through a referendum" in West Berlin and West Germany. Brandt warned that "inactivity and mere defensive tactics" (a) "could bring about a crisis in confidence toward the West," and (b) "can lead to an overexaggerated self-assertion of the East Berlin régime, which is already boasting . . . of the success of its military demonstration of power." Brandt said "the legal sovereignty of the East Berlin government has been recognized by acceptance as far as the restrictions of the crossing points and access to the East sector are concerned." This development, he asserted "was apt to arouse doubts about the Western powers' ability to react and about their determination." "The Soviet Union has achieved half of its free-city proposals," Brandt declared. Among Brandt's suggestions were that the U.S. garrison in West Berlin "demonstratively receive some reinforcement."

Mr. Kennedy's answer to Brandt's letter was delivered by Johnson Aug. 20. After reading the Kennedy reply and conferring with Johnson, Brandt said Aug. 20 that Johnson's visit had "erased any doubts among the people." The Johnson mission and the U.S. troop reinforcements had "made a deep impression on the Russians—and when they are impressed they are less likely to take risks," Brandt said.

Adenauer visited West Berlin Aug. 22 and received a cold reception from many West Berliners, who felt he should have gone there as soon as the crisis started. Touring the Communist barricades at the East-West Berlin border, Adenauer was jeered at by loud speakers from the Communist side. Gerhard Eisler, East German propagandist who had jumped bail in the U.S., shouted to Adenauer at Potsdamer Platz: "There's only one way out, Konny. You'll have to deal with us." At the Brandenburg Gate, a voice shouted over Communist loud speakers: "We acted, but you did nothing."

Concrete Fence Goes Up. East German workmen Aug. 15 began building a wall of 4-foot concrete blocks the length of the 25-mile East-West Berlin boundary to replace the barbed wire barricades originally strung along the border Aug. 13-14. (Families were forced to move from some East Berlin houses along the border to prevent the use of the houses as an escape route to the West. In other border houses, doors opening into West Berlin were locked by police but the houses were not evacuated.)

Warren Rogers Jr. reported in the N.Y. Herald Tribune Aug. 23 that the Communist plan to seal the border in this fashion had been known to the Allies since 1958 and had been dubbed "Operation Chinese Wall" by U.S. and West German intelligence agents. An East German government aide defecting to West Berlin in July 1958 had brought along a document describing the plan, which called initially for a barbed-wire barrier, then its replacement by a cement-block fence and finally the erection of substantial "palisades." A copy of the plan had been turned over to U.S. agents by Mayor Brandt, who was reported to have given little weight to the plan because (a) the defector had said the USSR had vetoed it and (b) Brandt thought the Western Allies would be sure to challenge such a violation of the 4-power occupation agreement.

Border Curbs Tightened. The East German Interior Ministry announced Aug. 22 that starting that midnight, "foreigners," including "members of the occupation forces" (U.S., British and French), would be allowed to cross the East-West Berlin border only at the Friedrichstrasse crossing point.

Simultaneously, West Berliners and West Germans were barred from East Berlin unless they bought special permits (at one Deutsche mark each) in advance from the East German travel agency. 4 crossing points were designated for West Berliners, 2 points for West Germans.

The East German announcement said the decree would be effective "until the conclusion of a peace treaty." The new curbs were ordered, the announcement said, because of "provocations" and because East German "generosity" in not barring West Berliners from East Berlin had been "abused" by "agents of spying organizations." The announcement said all people must stay at least 100 meters (328 feet) away from either side of the border.

Telephone connections between East and West Germany—but not between East and West Berlin—were restored by East Germany Aug. 22. [See p. 285C-D3]

(West Berliners, in retaliation for the Communist restrictions, boycotted the East German-run elevated railway and thereby deprived East Germany of a source of West German currency. East Berlin rail officials charged that West Berliners also were breaking windows of the elevated trains and tearing out seats.)

Khrushchev Reassures Bonn. Soviet Amb. Andrei A. Smirnov delivered to Adenauer in Bonn Aug. 16 an oral message from Soviet Premier Khrushchev assuring Adenauer that Khrushchev planned to do nothing that would make the Berlin situation

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worse. The message was delivered during a discussion of Soviet-West German relations attended by West German Foreign Min. Heinrich von Brentano, who then reported the conversation to the Bundestag's Foreign Policy and All-German Affairs committees.

Adenauer told the Bundestag Aug. 18 that although the Berlin border measures had been taken "with the consent" of the USSR, he hoped the Soviet government would disown the actions of "the authorities of the Soviet zone [East Germany]." He said the crisis would force West Germany to build up its defenses further but that it would do so "within the framework of the Atlantic defense organization."

"We know and the Soviet Union knows that the total military potential of the West is superior to that of the Soviet Union," Adenauer said in his Bundestag address. "Hence the threats . . . [against] NATO partners to the effect that it would devastate their territory by atomic bombs are dangerous. The Soviet government must know that by any such blow it would touch off a counterblow by which it would be annihilated." [See p. 286C3]

Rusk Predicts Talks. U.S. State Secy. Rusk predicted in a TV interview on NBC's "Meet the Press" program Aug. 20 that the Berlin problem as well as other problems of Germany and Central Europe would be solved by negotiations with the USSR. The Berlin issue "is a problem of the great worldwide confrontation between the Sino-Soviet bloc and the free world, and it is of great importance that we make our commitments clear," Rusk said. He pledged that the U.S. "will not be pushed out of West Berlin."

Nehru Backs Berlin Access. Indian Prime Min. Jawaharlal Nehru told the Indian Parliament Aug. 16 that he favored the "fullest facilities" for West German access to Berlin. This principle seemed to be accepted by all parties concerned, he declared.

Nehru added Aug. 22 that he thought West Berlin must continue to live "in full freedom" and that its contacts with West Germany must be safeguarded. At least a "temporary solution" to any problem concerning Berlin and Germany could be found by negotiation, he said. In "any situation which might lead to war," military build-ups and threats should be avoided, Nehru declared. He said he saw little use in a Soviet-East German peace treaty that other nations did not join.

France Readies Troops. French Pres. Charles de Gaulle Aug. 17 ordered an undisclosed number of French ground and air units shifted from Algeria to France because of the Berlin crisis. (British official sources in London reported Aug. 17 and 19, however, that Britain planned no immediate increase of its ground forces in Berlin.)

Reds Call Up Youths. East Germany's Free German Youth (FDJ) organization, through its newspaper, Young World, called Aug. 17 on its 2 million members to volunteer for the armed forces in the Berlin crisis.

Soviet Communist Party

New CPSU Program. A new program for the Communist Party of the Soviet Union (CPSU), written to the order of Soviet Premier Nikita S. Khrushchev and approved unanimously by the CPSU's Central Committee June 19, was published in the CPSU's Moscow newspaper Pravda July 30.

The draft program, designed as a guide for actions, policies and goals of the Soviet bloc for at least 20 years, was widely regarded as virtually a Khrushchev revision of Marxist-Leninist doctrine. It was generally considered a move by Khrushchev to make himself the undisputed ideological leader of the Communist world. Khrushchev planned to submit the 45,000-word program to the 22d CPSU Congress, which was to open Oct. 17.

The lengthy document, filling 9 pages of Pravda, was described by the CPSU as its "3d program, a program for the building of Communist society." The first program, adopted by the Bolshevik Party's 2d Congress in 1903, called for the overthrow of the Czarist-bourgeois régime in Russia and the establishment of the dictatorship of the proletariat. The 2d program, adopted by the 8th Congress in 1919, was the Leninist plan for creating a Socialist society. Both programs have been carried out, and "socialism triumphed in the Soviet Union completely and finally," the CPSU draft asserted.

The draft 3d program asserted that "peaceful co-existence of the Socialist and capitalist countries" was "necessary for the development of human society." Such co-existence was a "Leninist principle" and "a mighty obstacle in the path of the imperialist aggression," it declared. It held that communism could triumph without world war.

The draft proclaimed that "the present generation of Soviet people shall live under communism."

The draft predicted that during 1961-70 the USSR "will surpass the strongest and richest capitalist country, the U.S.A., in production per head of population; the people's standard of living and their cultural and technical standards will improve substantially; everyone will live in easy circumstances"; "the demand of the Soviet people for well-appointed housing will, in the main, be satisfied; hard physical work will disappear; the USSR will become the country with the shortest working day."

During 1971-80, the draft predicted, "the material and technical basis of communism will be created and there will be an abundance of material and cultural benefits for the whole population; Soviet society will come close to a state where it can introduce the principle of distribution according to needs, and there will be a gradual transition to one form of ownership —public ownership. Thus, a Communist society will, on the whole, be built in the USSR. The construction of Communist society will be fully completed in the subsequent period."

"The program can be fulfilled successfully under conditions of peace," the draft said. But "aggravation of the international situation, and the resulting necessary increase of expenditure on defense, may prevent realization of the plan for an upsurge of the well-being of the Soviet people." [See pp. 271E1-272D2, 202E2]

Party Rules Revised. A new draft statute for the CPSU, submitted by Party Secy. Frol R. Kozlov and approved "in principle" by the CPSU Central Committee June 19, was published in Moscow newspapers Aug. 5.

The draft was the first complete revision and recodification of CPSU rules since 1952, when Khrushchev was chosen by Joseph V. Stalin to present a new party statute to the CPSU Congress. After Stalin's death, the statute was amended slightly by the 20th CPSU Congress in 1956.

The 1961 draft was to be submitted to the 22d CPSU Congress by Kozlov, an ex-first deputy premier whom Khrushchev had once singled out as the man most likely to succeed him.

Like the CPSU draft program, the draft rules emphasized party democracy. "The CPSU bases its work on the unswerving adherence to the Leninist standards of party life—the principle of collective leadership, the promotion . . . of inner-party democracy, . . . criticism and self-criticism," the draft statute proclaimed. "Collectivism" was described as "the highest principle of party leadership." "The cult of the individual . . . must not be tolerated," the draft said. It denounced "all manifestations of revisionism and dogmatism" as "profoundly alien to revolutionary theory."

The draft statute reiterated "the principle of systematic renewal of the composition of party bodies" and set strict standards to avoid the perpetuation of officials in elective office —with some exceptions.

The draft asserted that "the guiding principle" of the CPSU's structure "is democratic centralism, which signifies: (a) election of all leading party bodies, from the lowest to the highest; (b) periodic reports of party bodies to their party organizations and to higher bodies; (c) strict party discipline and subordination of the minority to the majority; (d) that the decisions of higher bodies are obligatory for lower bodies."

The draft said that "discussion of controversial or insufficiently clear issues may be held" at appropriate party levels when warranted.

Non-party organizations were to be subjected to party control, the draft indicated. It directed that when 3 or more party members found themselves in a non-party mass organization, they were to form party groups "for the purpose of strengthening the influence of the party in every way and carrying out party policy among non-party people. . . ."

Rules covered in the draft ranged from those for the acceptance of new members and the disciplining of those found remiss to the schedule of dues

for members and candidate members (ranging from 10 kopeks monthly for those earning up to 50 rubles a month to 3% of earnings for those earning more than 300 rubles a month).

Middle East

British Begin Kuwait Recall. The withdrawal of British troops from Kuwait was started July 19 but was suspended July 21 in the face of renewed Iraqi threats against the former British protectorate.

At least 3 battalions of troops, an undisclosed proportion of the 5,000-man British force in Kuwait, were recalled before the operation was halted. Sir William Luce, British political resident in the Persian Gulf, conferred with Sheik Abdullah al-Salim al-Sabah of Kuwait July 22 on the presence of the British forces.

Kuwait spokesmen announced Aug. 8 that an agreement had been reached with the Arab League on the formation of an Arab force to replace the British troops in Kuwait. The accord was negotiated by a delegation headed by Sheik Jaber Ahmed el Sabbah, Kuwait finance chief.

The renewal of Iraqi threats to annex Kuwait was attributed to Kuwait's admission to the Arab League July 20 during a Cairo meeting of the League's Council. Kuwaiti membership was approved unanimously, with the Iraqi delegation recorded as absent.

Iraqi Premier Kassem, in a speech delivered in Baghdad July 14 on the anniversary of his 1958 revolution, demanded that Britain "get out of our land [Kuwait]." He said: "Return Kuwait to its homeland. We seek not wealth but part of our country." Kassem warned the Arab League in an address July 19 that it would be "serving imperialistic interests" and might "destroy itself" by admitting Kuwait to the League. [See p. 246B2-C3]

(A 400-watt radio station, built with $3½ million in Soviet aid, was inaugurated by Kassem in Baghdad July 15. The UAR's Cairo radio was the only Middle Eastern station more powerful than the Baghdad one.)

(4 imprisoned former Iraqi premiers —Rashid Ali Gaylani, Ahmed Mukhtar Baban, Fadhil al-Jamali and Tewfik al-Suwaidi—were released July 14 under an amnesty ordered by Kassem. Also freed were ex-Foreign Min. Burhanuddin Bashayan and ex-Education Min. Khalil Kannah.) [See Vol. XX, p. 115G1]

U.S. to Aid Refugees. U.S. support of renewed efforts to settle the Arab refugee problem was promised by Pres. Kennedy in messages sent to the rulers of Jordan, Saudi Arabia, Lebanon, Iraq and the UAR in May.

The contents of the President's letter to King Hussein of Jordan were reported June 24 by the N.Y. Times; an abridged text of the same message, said to have been delivered May 11, appeared in the Times June 26. [See p. 200C3]

Mr. Kennedy's letter to Hussein cited the "relative tranquility" that had existed in the Middle East in the past 3 years despite "the unresolved Arab-Israel controversy." He said: "The American government and people believe that an honorable and humane settlement can be found and are willing to share in the labors and burdens which . . . [it] must entail"; "we are willing to help resolve the tragic Palestine refugee problem on the basis of repatriation and compensation of property, to assist . . . in finding an equitable answer to the question of Jordan River waters-resources development. . . ."

Reuters reported from Amman June 22 that Hussein had replied to Mr. Kennedy with a letter declaring that Jordan would not give up what it considered its rights to former Palestinian territory.

NATIONAL AFFAIRS

Defense

Appropriation Passed. A compromise bill (HR7851) appropriating $46,662,556,000 to the Defense Department for fiscal 1962 was passed Aug. 10 by Senate voice vote and 380-0 House vote and was signed by Pres. Kennedy Aug. 17. The bill included almost all of the $3.454 billion of increased appropriations requested by the President in his July 25 speech on the Berlin crisis.

The bill, as originally passed by the House June 28, before the President's speech, had carried about $3.9 billion less than the final figure. The Senate Aug. 4 had voted to appropriate $186 million more than the final figure. During the joint conference on the bill, House conferees had asked the House for a separate vote on the Senate bill's provision of $207,600,000 for civil defense projects. The entire amount was accepted by the House following the defeat of a motion by Rep. John Taber (R., N.Y.) to cut it by $93 million.

The finally accepted total was $266 million higher than the President's total 1962 defense budget requests. Major changes made by Congress were (a) the addition to the President's requests of $695 million for long-range bombers and $59 million for bolstering Air Force and Army Reserves and National Guard, (b) the adoption of a 2% across-the-board cut in procurement funds to encourage Pentagon economy.

Major items in the bill: Army—$11,802,312,000; Navy—$14,505,665,000; Air Force—$18,836,534,000; civil defense—$207,600,000. [See pp. 261F3-262D1, 233A-C3]

Defense Actions. Among defense actions reported: July 31—(1) 4 Air Force bases scheduled to be closed were directed to remain open because of orders to prolong the use of B-47s: (2) 40 ships—22 troop and cargo transports, 18 smaller craft for anti-submarine duty—were scheduled to be reactivated from "mothball" storage; (3) West Germany and the U.S. planned to expand the joint use of military training facilities and storage depots in Europe.

Aug. 14—The Navy announced that between Sept. 1961 and June 1962 it would retain for a minimum of 6 more months of active duty a total of 2,800 officers and 24,000 enlisted men whose normal active duty tours were ending.

Aug. 15—The Air Force announced that it intended to retain 28,000 officers and men on active duty for an additional year.

Aug. 16—The Army announced that: (a) 84,000 enlisted men scheduled to be released Oct. 1-June 30, 1962, would be retained on active duty for up to 4 months; (b) 113 Reserve and National Guard units, comprising 23,626 officers and enlisted men, had been alerted for possible call to active duty; (c) officers on 6 months' active training duty would be retained for up to 12 extra months; (d) reserve officers on active duty would be asked to volunteer for additional duty; (e) about 4,500 ROTC graduates who had not yet served on active duty would be called up; (f) the Army's draft call would be 25,000 for September, 20,000 for October. [See p. 273E-F2]

Congress

Farm Bill Enacted. A compromise version of the Agricultural Act of 1961 (S1643), establishing 1962 wheat and feed grains programs and providing additional authority for the use of regional marketing orders, was passed Aug. 3 by Senate voice vote and 224-170 House vote (175 D. & 49 R. vs. 112 R. & 58 D.). Pres. Kennedy signed it Aug. 8 as Public Law 87-128.

At a news conference following the signing, Agriculture Secy. Orville L. Freeman praised the bill as "the most constructive and promising farm legislation in many years. . . ." But he expressed disappointment that it did not contain key Administration proposals designed to "enable farmers to adjust their production and marketing more effectively on a long-term basis."

Prior to final passage House conservationists had voiced objection to the Senate-House conference's elimination of an amendment, sponsored by Rep. Henry S. Reuss (D., Wis.), to prohibit subsidized drainage of farm wetlands where such drainage could be harmful to wildlife, particularly ducks.

Among the act's provisions:

(a) A 1962 wheat control program was established to make price supports conditional on a mandatory 10% cut in wheat acreage allotments. Farmers would get cash or in-kind payments for the conserved acreage plus extra payments for voluntary, additional 30% acreage reductions. The exemption from acreage allotment was reduced from 15 acres to 13½. The penalty for overplanting wheat acreage allotments was raised from 45% of parity to 65% and was to be based on twice the normal, instead of the normal, yield. The Agriculture Secretary was permitted, because of the threat of shortage through drought, to exempt, if necessary, the 1962-64 durum wheat crops from acreage cuts.

(b) A 1962 feed grains program was established to make price supports conditional on a 20% reduction in corn, grain sorghum or barley acreage. Farmers were eligible for payments for the conserved acres plus extra payments for additional 20% acreage reductions. An exemption was

granted to malting-barley producers who did not exceed 110% of their average 1959-60 acreage.

(c) Federal authority to regulate commodities by regional marketing orders was extended to all farm commodities not specifically excluded. Newly covered items included turkeys and turkey hatching eggs, cherries and cranberries for canning and freezing, apples in 15 states (instead of only in 3 states), popcorn, Hawaiian coffee, peppermint and spearmint oil, Puerto Rican cocoa, broom corn, buckwheat, maple syrup. Among exempted items were cotton, wheat, corn and other feed grains, honey, sugar cane and sugar beets, wool, mohair, livestock, soybeans, cottonseed, flaxseed, chickens and eggs, most fruits and vegetables for canning or freezing and apples except in the 15 states.

(d) The 1954 Agricultural Trade Development & Assistance Act was extended for 3 years until Dec. 31, 1964. The current $11¼ billion authorization for the surplus agricultural commodity foreign currency sales program was increased by $4½ billion; sales in any one year were limited to $2½ billion, and exchange rates were required to be as favorable as those at which U.S. agencies could buy foreign currencies. The current annual $300 million authorization for emergency disaster relief and economic development was extended. 5% of the overseas surplus commodity sales were to be set aside for agricultural market development activities in countries that were actual or potential dollar markets.

(e) A 1961 Consolidated Farmers Home Administration Act liberalized the provisions of Farmers Home Administration loans to farmers for real estate, operating, emergency and water facilities loans.

The Agricultural Act also extended the National Wool Act for 4 years from Mar. 31, 1962, the school milk program through June 30, 1967, the veterans' and armed forces dairy programs through Dec. 31, 1964. The final date for entering into contracts under the Great Plains Conservation Program was extended to Dec. 31, 1971.

(Pres. Kennedy Aug. 7 signed an amended Soil Bank Act [PL87-127] to aid farmers victimized by drought or other natural disasters. Such farmers who were unable to get stock feed "without undue financial hardship" would be eligible to buy it from the CCC at not less than 75% of the support price.) [See pp. 273F3-274E1]

Interior Department Funds. The Senate and House July 27 passed a bill (HR6345) providing definite appropriations of $756,350,650 for the Interior Department and related agencies for fiscal 1962. Pres. Kennedy signed it Aug. 4.

The final figure was $25,839,650 more than the House originally had approved Apr. 18, $34,241,200 less than the Senate had voted June 7 and $3,228,350 less than the President had requested. But it included $9½ million more for forest land management and $2,200,000 more for an Indian health program than the President had asked for.

The bill carried funds for the Agriculture Department's Forest Service ($208,418,000 in definite appropriations) and the HEW Department's Indian health activities ($53,010,000). It included no funds for the Interior Department's power and reclamation activities.

The bill estimated indefinite appropriations at $12,808,000 and set the borrowing authority for the helium program at $10 million.

The appropriations included $33,350,000 for the Bureau of Land Management; $159,634,000 for the Bureau of Indian Affairs; $105,712,500 for the National Park Service; $34,125,000 for the Bureau of Mines; $1 million for the Office of Coal Research; $6,305,000 for the Office of Saline Water. [See pp. 120A1, 112G2]

Commerce, Executive Funds. A bill (HR7577) appropriating $641,135,800 for the Commerce Department and related agencies and the Executive Office of the President in fiscal 1962 was passed by the House July 20 and the Senate July 25 and was signed by Pres. Kennedy Aug. 4. The bill authorized the Bureau of Public Roads to draw $2,990,600,000 from the Federal Highway Trust Fund to meet commitments of federal aid for highways.

The final figure for HR7577 was $14,177,800 more than the House had approved June 13, $9,302,400 less than the Senate had voted June 27, and $25,142,200 less than the President had requested. $12,708,000 of the total was for the Executive Office of the President. $573,052,800 was for the Commerce Department, including $32,910,000 for the Coast & Geodetic Survey, $8,380,000 for the Bureau of Foreign Commerce, 2½ million for promotion of international travel, $306,588,000 for maritime activities ($98 million for ship construction, $182 million for operating subsidies), $30,400,000 for the Bureau of Public Roads. Related agencies got $55,375,000, of which $26¾ million was for the Small Business Administration ($20 million for the revolving fund).

The funds included $14,185,000 for construction of a $9,400,000 oceanographic vessel and one surveying ship, $35 million for construction of National Bureau of Standards facilities; $5¼ million for expansion of Weather Bureau projects

The bill continued the $345,000 salary limitation for members and employes of the Council of Economic Advisers although a bill (HR6094, PL87-49) removing the ceiling had been passed by the Senate May 26 and House June 14 and had been signed by Pres. Kennedy June 16. [See p. 225D1, 112F2]

Agencies' Funds. Both houses of Congress Aug. 7 approved and Pres. Kennedy Aug. 18 signed a bill (HR7445) appropriating $8,966,285,000 in fiscal 1962 for 17 independent agencies, for the Office of Civil & Defense Mobilization and the National Aeronautics & Space Council and for a disaster relief fund ($6 million) for the Office of the President.

The appropriation was $562,187,000 more than approved by the House June 7, $132,484,500 less than voted by the Senate July 31 and $208,276,000 less than the President had requested.

$4,889,270,500, more than half of the total, was to go to the Veterans Administration. The NASA was to get $1,671,750,000—$112½ million less than the President had sought.

Other appropriations: National Aeronautics & Space Council—$320,000; Office of Civil & Defense Mobilization—$86,550,000; CAB—$87,150,000; Civil Service Commission—$92,164,000; Federal Aviation Agency—$724,800,000; FCC—$12,525,000; Federal Power Commission—$8,793,000; FTC—$10,345,000; General Accounting Office—$43 million; General Services Administration—$568,904,500; Housing & Home Finance Agency—$427,843,000; ICC—$22,075,000; National Capital Housing Authority—$40,000; National Science Foundation—$263,250,000; Renegotiation Board—$2,900,000; SEC—$11 million; Selective Service System—$33,670,000. Indefinite appropriations amounted to $3,935,000.

$30 million of the OCDM funds was to buy emergency supplies and equipment. $11 million of the FAA funds was for research on development of a supersonic airplane.

The Senate-House conferees had cut from the bill a Senate amendment that would have banned the GSA's Transportation & Public Utilities Service from testifying before state and federal regulatory agencies on matters of regulatory policy. [See pp. 119F3-120B1, 112E-G2]

Health Facilities Bill. The House July 25 passed and sent to the Senate a bill (HR4998) to provide increased grants for the expansion of community health facilities. The bill, requested by Pres. Kennedy, would provide an estimated $40 million more annually to the current federal health programs.

It would: (a) raise from $30 million to $50 million the limit on annual expenditures for the 5-year program of grants in aid to states for public health services; (b) authorize $10 million annually for a 5-year program of grants to states, communities and nonprofit organizations for research for improved health facilities outside hospitals; (c) increase from $10 million to $20 million the limit on annual expenditures for a 3-year program of grants in aid to states for construction of nursing homes. The bill would extend until July 1, 1963 the authorization for non-matching grants for construction of health research facilities. [See p. 73C-D3]

Duty Exemption Cut. A bill (HR6611) reducing from $500 to $100 the amount of goods U.S. travelers could bring from abroad without paying duty was passed by voice votes of the Senate July 27 and of the House July 31 and was signed by Pres. Kennedy Aug. 11. The bill was to be effective from Sept. 9 to July 1, 1963. It allowed a $200 exemption for articles bought in the Virgin Islands. [See p. 257B1]

Cape Cod Bill. A bill (S857) establishing an approximately 26,670-acre Cape Cod National Seashore Area on the northern end of Cape Cod, Mass. was passed by both houses of Congress Aug. 2 and signed by Pres. Kennedy Aug. 7. Mr. Kennedy had sponsored a similar bill when he had been a Senator. The bill authorized $16 million to acquire the land. Earlier versions of S857 had been passed by the Senate June 27 and by the House July 10.

Labor

Maritime Injunction Upheld. The Taft-Hartley Act injunction that interrupted the seamen's strike against the U.S. flag fleet was upheld in New York Aug. 22 by the U.S. Court of Appeals on the ground that the strike threatened a "material depletion of petroleum supply [that] would imperil the national health and safety. . . ." [See p. 249F2-B3]

Henderson Leaders Freed. 3 officials of the AFL-CIO Textile Workers Union, convicted in Nov. 1960 of conspiracy to blow up the struck Harriet-Henderson (N.C.) Cotton Mills, were released on parole from North Carolina prisons Aug. 3 after serving minimum sentences. Those released were Boyd E. Payton, Lawrence Gore and Charles Auslander. N.C. Gov. Terry Sanford (D.) had ordered a 3-year reduction of their sentences. 5 other union leaders convicted on the same charges, had been released previously.

The men had been arrested in the 8th month of the strike, which had begun Nov. 17, 1958 over the arbitration clause in the contract. The strike was ended in June.

UMW Royalties Down. The United Mine Worker's Welfare Fund reported

Aug. 11 that its royalties from 40¢-a-ton payments on UMW-produced bituminous coal had fallen 10% to a record low of $114,492,539 for the 12 months ended June 30, 1961. The fund's total income was $116,700,000, its expenditures $133,132,171 in fiscal 1961. The fund's balance declined to $99,832,118 as of July 1. Pensions, which had been reduced in February from $100 a month to $75, were going to 66,759 retired miners. [See p. 226G1]

Strike Activity. The Bureau of Labor Statistics reported Aug. 4 that about 1,680 strikes involving about 609,000 workers had started in 1961's first half. Counting strikes continuing from 1960 the Jan.-June period had 1,810 strikes involving 621,000 workers and 6,720,000 man-days of idleness. [See p. 122B-C1]

— LATIN AMERICA —

Inter-American Conference

Alliance Charter Adopted. The Alliance for Progress Charter, implementing the U.S.' 10-year $20 billion economic development plan for Latin America, and an accompanying Declaration of Punta del Este, summarizing the charter's goals, were adopted at the Inter-American Economic & Social Conference in Punta del Este, Uruguay Aug. 16. The documents were signed by representatives of the U.S. and 19 other American countries at the conclusion of the conference Aug. 17. (Cuba abstained.)

After signing for the U.S., Treasury Secy. Douglas Dillon said at a news conference that the U.S. had "no intention of making any of its funds available" to Cuba as long as the Castro régime "continues to be . . . under the control of a foreign power —namely, the Soviet Union. . . ." Dillon said Cuba was not interested in the Alliance for Progress and had sent its delegation to the Uruguay conference only for political reasons.

THE DECLARATION OF PUNTA DEL ESTE

(Partial Text)

Assembled in Punta del Este . . . representatives of the American Republics hereby agree to establish the Alliance for Progress: a vast effort to bring a better life to all the peoples of the continent. . . .

. . . The countries signing this declaration . . . have agreed to work toward the following goals during the coming years:

To improve and strengthen democratic institutions through application of the principle of self-determination by the people.

To accelerate economic and social development to bring about a substantial and steady increase in the average [Latin American] income. . . .

To carry out housing programs . . . in order to provide decent homes for the American peoples.

To encourage, . . . integral agrarian reform, leading to the effective transformation, where required, of unjust structures and systems of land tenure and use; with a view to replacing latifundia and dwarf holdings by an equitable system of property so that, supplemented by timely and adequate credit, technical assistance and improved marketing arrangements, the land will become for the man who works it the basis of his economic stability. . . .

To wipe out illiteracy: to extend the benefits of primary education to all Latin Americans; and to provide broader facilities, . . . for secondary and technical training and for higher education.

To press forward with programs of health and sanitation. . . .

To assure . . . fair wages and satisfactory working conditions; to establish effective systems of labor-management relations. . . .

To reform tax laws, . . . punishing tax evasion severely, and redistributing the national income . . . [while] promoting savings and investment and reinvestment of capital.

To maintain monetary and fiscal policies which . . . will protect the purchasing power of the many [and] guarantee where possible price stability. . . .

To stimulate private enterprise in order to . . . provide jobs . . . [and] eliminate unemployment. . . .

To find a . . . solution to the grave problem created by excessive price fluctuations in the basic exports of Latin-American countries. . . .

To accelerate the integration of Latin America so as to stimulate the economic and social development of the continent.

. . . These profound economic, social, and cultural changes can come about only through the self-help efforts of each country. Nonetheless, in order to achieve [these] goals, . . . it is indispensable that domestic efforts be reinforced by . . . external assistance.

The United States . . . pledges . . . financial and technical cooperation in order to achieve the aims of the Alliance for Progress.

. . . The United States will provide a major part of the minimum of $20 billion principally in public funds, which Latin America will require over the next 10 years from all external sources in order to supplement its own efforts.

The United States will provide from public funds more than $1 billion during the 12 months which began on Mar. 13, 1961, when the Alliance for Progress was announced, as an immediate contribution. . . .

The United States intends to furnish development loans on a long-term basis . . . running up to 50 years and at very low or zero rates of interest.

. . . [The Latin American countries] agree to devote a rapidly increasing share of their own resources to economic and social development, and to make the reforms necessary to assure that all share fully in the fruits of the Alliance for Progress. . . .

. . . Qualified experts will be made available to Latin-American countries in order to assist in formulating and examining national development plans.

. . . The inter-American system is now entering a new phase, where to its institutional, legal, cultural, and social accomplishments, will be added under freedom and democracy, immediate and tangible measures to secure a better life for the present and future generations of this hemisphere. [See pp. 291D2-293B1]

Economic Cooperation

LAFTA Conference. The 7-nation Latin American Free Trade Association opened its first conference July 25 in Montevideo, Uruguay to work out a 12-year program to reduce trade barriers among member nations. (Members: Argentina, Brazil, Chile, Mexico, Paraguay, Peru and Uruguay. Colombia and Ecuador had announced that they would join in 1961.) Uruguayan Pres. Eduardo Victor Haedo said in a welcoming speech that "the common meaning of this undertaking is political."

Brazilian trade expert Romulo de Almeida, 47, was elected executive secretary of the association's permanent organization July 31. [See p. 179C3]

IDA Loans. The Inter-American Development Bank Aug. 5 announced the loan of a total of $21,600,000 to Panama, Venezuela and El Salvador. The funds were the first provided under the Social Progress Trust Fund agreement signed June 19 by Pres. Kennedy and IDA Pres. Felipe Herrera. The agreement empowered the IDA to administer a $394 million fund to improve agriculture and land settlement and finance low-cost housing as part of the Alliance for Progress. Distribution of the Aug. 5 loans: $7,600,000 to Panama for 3,000 houses in San Miquelito; $12 million to Venezuela for a 21,000-unit rural low-cost housing program; $2 million to El Salvador for credits to small-scale farmers. [See p. 258G3]

Argentina

Fraga, Abrahin Resign. Gen. Rosendo M. Fraga resigned as Argentine war secretary Aug. 18 in protest against a secret meeting held by Pres. Arturo Frondizi in Buenos Aires Aug. 18 with Cuban Industry Min. Ernesto (Ché) Guevara. (Guevara, a native of Argentina, had stopped in Argentina on his way to Cuba after attending the Inter-American Economic & Social Conference in Punte del Este, Uruguay.)

In a TV-radio address on the meeting, Frondizi said Aug. 18 that he had told Guevara that Argentina was aligned with the free world and would fight Communist subversion. [See pp. 115G3, 291A3, 291F3-292B1, G1]

Brig. Ramon Abrahin resigned as air force secretary Aug. 15 after Frondizi refused to support him in a dispute resulting from the unsuccessful revolt by air force officers Aug. 12. Abrahin was put under arrest for 30 days. (Frondizi appointed Brig. Jorge Rojas Silveyra as air force secretary Aug. 16. Rojas was sworn in Aug. 18.) Abrahin had contended that Brig. Cayo A. Alsina, air force commander-in-chief, had been remiss for allegedly failing to be more severe with the rebels. Alsina was retained in his post despite Abrahin's orders for his arrest and dismissal. [See p. 292C1]

Brazil

European Loan. Private banks in 8 West European countries agreed in Paris July 31 to lend the Bank of Brazil $110 million to enable Brazil to repay a $300 million debt it owed those nations. (The countries involved: Britain, Belgium, France, Italy, the Netherlands, Sweden, Switzerland and West Germany.)

The loan, comprising 56 separate agreements, was negotiated by roving Brazilian Amb. Roberto de Oliveira Campos during a European trip 3 months previously. Campos had reached agreement with representatives of the 8 governments May 24 to consolidate Brazil's European debt. [See p. 188D2]

Cuba

Peso Exchange Ordered. Cubans exchanged old pesos for newly-printed ones Aug. 6-7 under a government order issued Aug. 5. The currency replacement was conducted on a par basis. (The Cuban peso, officially valued at one U.S. dollar, was valued at 20¢-25¢ on the free market.)

In announcing the exchange, the government said the measure was aimed at removing inflationary pressure of "hundreds of millions of pesos" held outside Cuba.

The government announcement also said it was dangerous for the Cuban economy to have its currency printed by foreign companies. (The foreign firms that had printed Cuban notes were the American Bank Note Co. and the Thomas La Rue Co. of Britain.)

The new currency law allowed each family to exchange up to 200 old pesos for 200 new ones. Old peso holdings above that amount were to be turned in and held by the government

in special accounts that could not be withdrawn in exchange for the new money until one week later. Pesos unexchanged after Aug. 7 were proclaimed worthless.

The government had barred all ships and planes from entering the country from Aug. 5 to Aug. 7 to prevent old Cuban pesos from coming into Cuba pending completion of the exchange. All stores and businesses were closed, except those engaged in essential services. Cuban civilians employed at the U.S.' Guantanamo naval base were barred from going to their jobs until Aug. 8.

Premier Fidel Castro announced in a TV address Aug. 8 that most persons would be limited to no more than 10,000 pesos. Any amount turned in above 10,000 during the exchange period would be confiscated, he said, because it would prove violation of an anti-hoarding law decreed in May. (Violators of that law, Castro promised, would not be prosecuted.) Old persons and cripples would be exempt from the 10,000-peso ceiling and would be permitted up to 20,000.

Castro said the currency exchange law was an "annihilating strike" against persons seeking to overthrow his government. He said it had made 400 million Cuban pesos held outside Cuba valueless. Most of those funds, Castro declared, were owned by wealthy Cuban exiles in the U.S. who opposed his régime.

Castro charged that the U.S. and the CIA had been buying old Cuban pesos at the rate of 5 to the dollar to depress the peso's value and to finance subversive activities against the Cuban government.

The Cuban National Bank reported Aug. 18 that the Aug. 6-7 money exchange had reduced currency circulation in Cuba to about 447,900,000 new pesos, or 40% of the 1.187 billion old pesos that had been circulating before the exchange. More than 497 million pesos (42% of the pre-exchange total) had been permanently cancelled, according to the bank. Of that total, 462 million had never been submitted for exchange and the remaining 35 million were in cash savings above the 10,000-peso category and were subject to confiscation. [See p. 107A1]

Labor Unified. A reorganization of Cuba's labor system was decreed by the government Aug. 2. Craft unions were to be replaced by "vertical" or industrial unions, which were to be under the jurisdiction of a single workers' confederation. The announcement said the decree was designed to help create a Socialist society in Cuba. [See p. 275E1]

Government Shift. A Cuban government decree Aug. 2 (a) abolished the Welfare Ministry and distributed its functions among other agencies, (b) created a Transport Ministry with jurisdiction over all foreign and domestic transport. [See p. 76A1]

Ship Seized, Taken to U.S. The 5,085-ton Cuban freighter Bahia de Nipe, which had left Havana Aug. 8 for an undisclosed Communist port with a cargo of sugar, was seized Aug. 14 by 10 defecting crewmen led by the ship's captain, Jorge Augustin Navarro, 46.

The defectors, armed with 2 pistols, locked up 23 pro-Castro crewmen, radioed the U.S. Coast Guard, sailed the ship into Chesapeake Bay Aug. 17 and anchored off Norfolk, Va. The ship was boarded by Coast Guardsmen, and the defectors were taken to the Norfolk naval station. Navarro, who had a family in Florida, and the 10 other defectors asked for U.S. asylum.

The ship was reportedly owned jointly by the Cuban government and Naviera Vacuba, S.A., a Cuban firm.

U.S. District Judge Walter E. Hoffman in Norfolk Aug. 17 authorized the U.S. marshal to seize the freighter after 4 liens were placed against the ship for allegedly unpaid Cuban debts. (Claimants and the sizes of their liens: Philadelphia longshoremen James Rich and Walter Prech, $80,517 and $45,000, respectively; New York longshoreman Nick Daratsakis, $6,778; the Mayan Lines of Panama, $500,000.) The Coast Guard, however, refused a U.S. marshal permission to board the vessel Aug. 18 to serve attachment papers. At a court hearing Aug. 19, Hoffman held the Coast Guard action illegal.

State Secy. Dean Rusk Aug. 19 urged the Norfolk court to release the Bahia de Nipe. Rusk said in a letter to Atty. Gen. Robert F. Kennedy that freeing the ship "would avoid further disturbance to our international relations." [See p. 292D2]

Consuls Defect. Vitalia Della'torre Perez, Cuban consul general in Buenos Aires, Argentina, and Leonardo Bravo Puig, Cuban consul general in Montevideo, Uruguay, left their posts Aug. 4. Both requested and received asylum in Argentina. [See p. 275F2]

Dominican Republic

Oppositionists Fought. Ciudad Trujillo police Aug. 4 quelled an anti-government demonstration in front of the headquarters of the National Civic Union, a group formed July 11 in opposition to Pres. Joaquín Balaguer's régime. Civic Union Pres. Viriato A. Fiallo, 65, charged that the police action proved "that there are no civil guarantees or respect for human rights in the Dominican Republic."

Police Aug. 5 raided the headquarters of the Civic Union and those of another opposition group, the June 14th Movement, removed arms and other weapons from both centers and detained 208 persons, including Fiallo, for 7 hours. Civic Union spokesmen charged that police had planted the weapons. The opposition centers reopened Aug. 7, and a Civic Union rally in Puerta Plata Aug. 13 was unmolested by 20 nearby national policemen.

Elipio de Jesus Cabrera, a Civic Union member, was stabbed to death in Esperanza Aug. 12 after he had permitted his car to be used to distribute an opposition newspaper. [See p. 252C2]

OAS Report. An OAS subcommittee, in a report submitted to the OAS Sanctions Committee in Washington June 16 (made public June 18), urged continued OAS observance of the situation in the Dominican Republic. The report said it was "premature to determine the degree of the change that has occurred in the character and in the policy of the Dominican Republic." The report was based on the subcommittee's June 7-14 visit to the Dominican Republic.

The report cited receipt of a Dominican government statement of intentions to carry out "a democratic transformation, and never to interfere in the internal affairs of the other American republics." It quoted statements from political prisoners and exiles that "repressive acts against Dominican citizens continued to occur" in June and that Dominican officials implicated in a plot to overthrow the Venezuelan government remained in office. [See p. 228C-F2]

El Salvador

Plot Thwarted. The Civil-Military Directorate announced July 19 that a Communist-led plot to overthrow the régime had been discovered July 18 and defeated early July 19. A directorate communiqué, disclosing the seizure of "Marxist literature," accused Salvadoran capitalists of financing the alleged plot "although the Communists are their natural enemies." The communiqué said the revolt was to have coincided with the July 26 observance of Cuban Premier Fidel Castro's revolutionary movement. [See p. 40A1]

Mexico

U.S. Land Expropriated. Mexican Pres. Adolfo Lopez Mateos annnounced July 19 that he had signed an order July 12 to expropriate 266,760 acres of U.S.-owned property on the Tehuantepec Isthmus in Oaxaca state. The property was owned by the Real Estate Co. of Mexico and its affiliate, the Mexico Land Securities Co.

The firms' president, Mrs. Winifred Connell, formerly of Kansas City, Mo., said negotiations to sell the land had been going on with the Mexican government for 2 years and that the expropriation was a "complete surprise."

Lopez Mateos said the expropriated land would be included in 1,074,227 acres to be made available to Oaxaca farmers and colonizers. (The last expropriation of U.S. property in Mexico occurred in 1958 when the government seized the Cananes ranch and paid its owners in full.) [See Vol. XVIII, p. 280G2]

ECONOMY

TWA Sues Hughes. Trans World Airlines, Inc. filed a civil antitrust suit in U.S. District Court in New York June 30 against Howard Hughes, 55, his personal corporation, the Hughes Tool Co., which controlled 78% of TWA's common stock, and Raymond M. Holliday, chief operating officer of Hughes Tool Co. and a TWA director. The Atlas Corp., in which Hughes owned an 11% common stock interest through voting trust certificates, was named a "co-conspirator" but not a defendant.

The suit, which had been sealed by

the court and was disclosed Aug. 8, asked for $115 million in compensation (triple the $35 million in damages allegedly suffered plus $10 million compensatory damages). It asked the court (1) to order the defendants to divest themselves of their TWA stock and (2) to enjoin them from controlling the airline or from threatening to sue it.

The suit charged that: (a) Hughes and Holliday had conspired since 1939 to seize control of TWA "for their own purposes"; (b) they restrained commerce by forcing TWA to boycott all aircraft suppliers except Hughes Tool; (c) they prevented TWA from leasing or buying jets "despite [its] repeated requests" during 1956-60, although Hughes Tool itself had ordered jets in February and April 1956; (d) because of Hughes' domination of TWA's financial policies, the airline had to pay 6½% interest on a loan made in Dec. 1960 to buy jet planes although other carriers had secured such loans at rates of 4%-4¾% in 1955 and 1956.

The suit also charged that Atlas Corp., 58% owner of the stock of Northeast Airlines, Inc., had conspired with the defendants to force a merger of Northeast and TWA on "terms advantageous to the defendants" but "disadvantageous to TWA." The proposed merger would increase TWA's requirement for aircraft, which could be met by increased purchases of aircraft owned by or contracted for by Hughes Tool. [See Vol. XX, pp. 184F-G1, 483G1-B2]

Lower Indicted. A federal grand jury in Detroit Aug. 8 indicted ex-Pres. Henry Lower of Detroit Teamster Local 376 on charges of filing false 1955 income tax returns for Local 376 and himself and of evading $1,197.14 in taxes. [See Vol. XX, p. 440C1]

— MISCELLANEOUS —

Art Thefts. 8 paintings by Paul Cézanne were stolen from an exhibition of the artist's works in Aix-en-Provence, France Aug. 13. The insured paintings, valued at about $2 million, had been lent to the exhibition by European and U.S. museums and private collectors.

57 modern French paintings were stolen from the Annociade Museum of Modern Art at Saint-Tropez, France July 16. The paintings, valued at about $2 million, included works of Matisse, Utrillo, Dufy and Vlaminck.

Goya's portrait of the Duke of Wellington was stolen from the British National Gallery in London Aug. 23. The uninsured oil painting had gone on display Aug. 3 after being acquired from New York art collector Charles B. Wrightsmann for £140,000 ($392,000).

10 paintings by Picasso, Léger, Dufy and Miró, valued at $300,000-$400,000, were stolen July 28 from the Pittsburgh home of retired steel executive G. David Thompson.

Cohen Jailed in Tax Case. Ex-gambler Mickey Cohen (Meyer Harris), 47, was convicted by a federal grand jury in Los Angeles, Calif. June 30 on 8 counts of income violations involving alleged evasions totaling $347,669 for 1945-50. He was sentenced to 15 years in prison July 1 and fined $30,000. [See Vol. XX, p. 324A3]

Married

Lauren Bacall, actress, widow of Humphrey Bogart, to Jason Robards Jr., actor; July 4 in Enseneda, Mexico (2d for both). [See Vol. XVII. p. 15C2]

— SPORTS —

All-Star Games. A National League team managed by Danny Murtaugh (Pittsburgh) defeated an American League team managed by Paul Richards (Baltimore), 5-4, in 10 innings in San Francisco July 11 in the first game of major league baseball's 2-game all-star series. The 2d game ended in a 1-1 tie (called at the end of 9 innings because of rain) in Boston July 31. It was the first deadlock in the 31 all-star games played so far. Of the 31 games, the AL won 16, the NL 14.

Line scores of the 1961 games:

First Game

											R.	H.	E.
American	0	0	0	0	0	1	0	0	2	1	4	4	2
National	0	1	0	1	0	0	0	1	0	2	5	5	5

A single by Bob Clemente scored Willy Mays for the NL's winning run. The game's total of 7 errors was an all-star record. Stu Miller (S.F.) was winning pitcher, Hoyt Wilhelm (Balti.) the loser.

2d Game

National	0	0	0	0	0	1	0	0	0	1	5	1
American	1	0	0	0	0	0	0	0	0	1	4	0

A home run by Rocky Colavito (Det.) accounted for the AL's only run. The NL tied the game in the 6th inning when Eddie Mathews (Milw.) scored on a single by Bill White (St. L.). [See Vol. XX, p. 240G1]

Other Baseball News. Solly Hemus, 37, was dismissed as St. Louis manager July 6. He was replaced by Cardinal coach Johnny Keane. [See Vol. XVIII, p. 320D1] . . . Milwaukee pitcher Warren Spahn, 40, scored his 300th major league victory by defeating the Chicago Cubs, 2-1, in Milwaukee Aug. 11. [See Vol. XX, p. 324A2]

Business & Financial Summary

Week Ended Aug. 19

	This Week	Last Week	Year Ago
FINANCE:			
U.S. Treasury—			
Monetary gold stocks	*$17,601	*$17,548	*$19,039
Currency circulation	*$28,676	*$28,777	*$28,469
Banks—			
Com'l & ind'l loans§	*[a]$31,359	*$31,499	*$31,276
Agricultural loans	*[a]$1,095	*$1,091	*$1,032
N.Y. bank clearings	$14,775,166,007	$14,893,245,739	$14,768,223,444
England note circulation	*£2,374.342	*£2,411.472	.....
N.Y. Stock Exchange—			
Stock sales (shares)	18,024,090	18,163,380	13,702,603
Stock avgs. (100 shares)**	260.12	258.03	226.81
Bond sales (par value)	$26,502,000	$30,569,000	$23,894,000
Bond avgs. (30 bonds)**	85.72	85.52	87.22
INDUSTRY:			
Auto output (cars & trucks)†	21,218	28,086	70,808
Crude oil (bbl. daily)	[b]7,045,360	7,024,160	6,834,210
Soft-coal output (tons)	[c]7,925,000	8,210,000	7,840,000
Electric output (kwh.)	*[b]16,080	*16,137	*15,037
Carloadings (cars)	[b]591,062	588,969	599,908
	July	**June**	**July 1960**
Ind'l output§	[r]112	110	110
Steel output (tons)	8,091,958	8,551,856	6,350,924
PRICES:	**This Week**	**Last Week**	**Year Ago**
Wheat (bu.)	$2.44½	$2.44¼	$2.34⅞
Corn (bu.)	$1.42¼	$1.42½	$1.46⅜
Cotton (lb.)	$.3515	$.3510	$.3240
Steel scrap avg. (ton)[e]	$37.83	$37.83	$32.50
Wholesale food index‡	[d]$5.99	$5.94	$5.91
Weekly whlsl. index (BLS)¶	[d]118.9	118.8	119.3
BUSINESS:			
Dept. stores sales§¶	[b]131	132	131
Failures (Aug. 10)‡	343	406	308
Foreign Trade (Census Bur.)—	**June**	**May**	**June 1960**
Exports	*$1,698.9	*$1,743.8	*$1,737.4
Imports	*$1,180.9	*$1,117.5	*$1,313.0

*In millions **N.Y. Herald Tribune †Ward's estimate ‡Dun & Bradstreet ¶1947-49=100 §Federal Reserve Board [a]Member banks, 107 cities, Aug. 9 [b]Aug. 12 [c]Aug. 5 [d]Aug. 15 [e]Iron Age [r]record

GNP Record. The U.S. gross national product (GNP) rose from an annual rate of $500.8 billion (in current dollars) during 1961's first quarter to a record rate of $516.1 billion during the 2d quarter, the Commerce Department reported Aug. 18. The GNP for all of 1960 totaled $504.4 billion. (In terms of 1954 dollars, GNP totaled $440.8 billion in 1960 and was at annual rates of $433.2 billion and $445.5 billion, respectively, during 1961's first and 2d quarters.) U.S. personal consumption expenditures in current dollars (figures for 1954 dollars given in parenthesis) were at annual rates of $330.7 billion ($297 billion) in 1961's first quarter and of $336.1 billion ($301.6 billion) in the 2d quarter whereas the total for all of 1960 was $328.9 billion ($298.3 billion).

Output of goods in current dollars (figures for 1954 dollars in parenthesis) totaled $258½ billion ($234.6 billion) in 1960 and was at annual rates of $245.7 billion ($221.9 billion) during 1961's first quarter and of $257.1 billion (232½ billion) in the 2d quarter. The value of services totaled $189.3 billion ($158.7 billion) in 1960 and was at annual rates of $197.9 billion ($163.2 billion) in 1961's first quarter and of $201.1 billion ($164.7 billion) in the 2d. Construction values totaled $56.6 billion ($47½ billion) in 1960 and were at annual rates of $57.2 billion ($48 billion) in 1961's first quarter and of $57.9 billion ($48.3 billion) in the 2d. [See p. 87A-C1]

Food Spending. The Agriculture Department reported Aug. 15 that Northeast city families with 2 or more children and with incomes of up to $6,000 spent 42½% of their after-tax incomes for food. Southern city families in similar circumstances spent 40½% of their incomes for food. [See Vol. XX, p. 239F2]

The Agriculture Department reported Aug. 7 that the farmers' share of the consumer food dollar had dropped from $.39 in 1961's first quarter (and 1960's 2d quarter) to $.37 in 1961's 2d. [See Vol. XX, p. 276E-F2]